Volume 12 No. 6, February 15, 2006

QUOTA EXCHANGE

The sixth butterfat Quota Exchange of the 2005-2006 dairy year was conducted on February 15, 2006. The market-clearing price for Unused Quota Exchange was **$65.01**. There was no market-clearing price established for used quota as there were no offers to purchase or sell. The results of the February 2006 Quota Exchange are outlined in the following Tables.

The next monthly Quota Exchange for the 2005-2006 dairy year will be held on March 15, 2006. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, March 6, 2006. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase. To determine the clearing price of Total Production Quota, the bids to buy may be adjusted to five percent of annual production quota issued. This is necessary to avoid price distortion from excessively large bids.

TABLE I

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$ 65.01**
Kilograms offered to Purchase – total	**17,800**
Kilograms offered to purchase at 5% adjustment	**15,189**
Kilograms offered to Sell	**7,152**
Kilograms sold	**6,352**
Number of Producers	
- offered to purchase	**11**
- purchased quota	**4**
- offered to sell	**2**
- sold quota	**2**

UNUSED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
55.81	1	1	6,752	6,752	-8,437	15,189	0	11	0
57.50	0	1	0	6,752	-8,437	15,189	1,100	11	1
60.00	1	2	400	7,152	-6,937	14,089	1,100	10	1
60.25	0	2	0	7,152	-5,837	12,989	1,374	9	1
62.00	0	2	0	7,152	-4,463	11,615	2,063	8	1
62.50	0	2	0	7,152	-2,400	9,552	1,100	7	1
65.00	0	2	0	7,152	-1,300	8,452	2,100	6	2
65.01	0	2	0	7,152	800	6,352	1,000	4	1
67.00	0	2	0	7,152	1,800	5,352	3,952	3	1
67.50	0	2	0	7,152	5,752	1,400	1,100	2	1
70.00	0	2	0	7,152	6,852	300	300	1	1

TABLE II

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$ ——**
Kilograms offered to Purchase – total	**0**
Kilograms offered to Sell	**0**
Kilograms sold	**0**
Number of Producers	
- offered to purchase	**0**
- purchased quota	**0**
- offered to sell	**0**
- sold quota	**0**

USED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
0	0	0	0	0	0	0	0	0	0

QUOTA SWAP EXCHANGE

The Quota Swap Exchange was conducted on February 15, 2006. There was no market-clearing price established. The results of the Quota Swap Exchange are outlined in the following Table.

The next monthly Quota Swap Exchange will be held on March 15, 2006. All offers to swap quota through the Quota Swap Exchange must be received at the Board office by midnight, March 6, 2006. **The Board recommends that offers and bids to swap be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.**

Just a reminder to producers that when making bids on the Quota Swap Exchange, the price on offers to swap out unused quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Quota Swap Exchange.

Conversely, the price on offers to swap in unused quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Quota Swap Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered to swap out and the accumulated volume offered to swap-in.

TABLE III

QUOTA SWAP EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$——**
Kilograms offered to swap in	**42,500**
Kilograms offered to swap out	**0**
Kilograms swapped	**0**
Number of Producers	
- offered to swap in	**10**
- swapped in quota	**0**
- offered to swap out	**0**
- swapped out quota	**0**

QUOTA SWAP EXCHANGE

Price ($/kg b.f.)	No. of Sellers (swap out)	Cumulative Sellers (swap out)	Kgs b.f. offered to swap out	Cumulative swaps out	Cumulative swaps out less Cumulative swaps in	Cumulative purchases (swap in)	Kgs b.f. offered to swap in	Cumulative Buyers (swap in)	No. of buyers (swap in)
2.00	0	0	0	0	-42,500	42,500	10,000	10	1
3.00	0	0	0	0	-32,500	32,500	2,000	9	1
3.50	0	0	0	0	-30,500	30,500	12,500	8	2
4.00	0	0	0	0	-18,000	18,000	2,000	6	1
4.50	0	0	0	0	-16,000	16,000	500	5	1
5.00	0	0	0	0	-15,500	15,500	1,500	4	1
5.25	0	0	0	0	-14,000	14,000	3,000	3	1
6.50	0	0	0	0	-11,000	11,000	11,000	2	2

BUTTERFAT PRODUCTION AND COMPONENT PRICING, JANUARY 2006

Butterfat production for January, 2006 totalled approximately 737,050 kilograms. This was approximately 4.36% higher than January, 2005 shipments. **For the first six months of the 2005-2006 dairy year, Saskatchewan's allocation of Total Production Quota totalled approximately 4,198,776 kilograms. Cumulatively, in the first six months, the province has shipped 98.11% of that amount.**

Please note Milk Control Board policy has been changed so that it is not mandatory for producers to achieve 97% in the first six months. However, there is a risk to producers who do not achieve 97% after six months, that being, individual producer quota suspension for the entire dairy year if the province as a whole does not achieve 97% in the first six months. The province shipped 98.11% at the end of the first six months, therefore, individual producers will not have their quota suspended even if they have not reached 97% of personal quota allocation to the end of January.

The weighted average component tests and prices for the province in January are indicated in Table IV.

TABLE IV

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.8147	$9.9417
Protein	3.3529	$6.9417
Other Solids (S.N.F.)	5.6831	$1.0238

Based on the average component tests for the province, the average price received was $67.0178 per hectolitre.

Dairy year to date 4m (over quota) holdings are $1,710,484.

SASKATCHEWAN MILK POOL RESULTS January 2006

TABLE V

Milk Sale Revenue	$ 13,313,003.09
Western Milk Pool	$ - 287,688.11
Dairy Farmers of Canada Skim Off	$ -18,810.20
Plant of Last Resort Service	$ -57,686.43
Total Pool Value	**$ 12,948,818.35**

CANADIAN DEMAND FOR INDUSTRIAL MILK (MSQ)

The Canadian Dairy Commission (CDC) calculates the monthly demand for milk used to manufacture industrial milk products. Changes in national demand, along with variations in butter stocks held by the CDC form the basis of the trigger mechanism used to adjust the industrial portion of producers' quota (MSQ). A similar trigger mechanism is employed at the regional level to adjust the fluid portion of producers' fluid quota. Together, the fluid and industrial quotas represent the total production quota (TPQ) held by individual producers at any one time.

The formula for adjusting the MSQ portion of producer quota triggers a change (up or down) following two consecutive monthly changes to the demand base of more than 0.50%, (plus or minus). If the changes are greater than 0.50%, (plus or minus), quota is adjusted at the beginning of the next month by the amount of change experienced by the most recent month.

The most recent change to the formula is **November, 2005 -0.76%; December -1.30%**

If the formula records a change of more than -0.50% for the two consecutive months, the formula triggers a reduction in MSQ. The CDC then undertakes calculations to determine a final reduction in MSQ for individual provinces, taking into account factors such as skim off, domestic requirements and exports. It then calculates a new TPQ for each province. **Based on these calculations, effective February 1, 2006, our provincial TPQ will be reduced by .47%. This reduction will be reflected on producer's individual quota licenses which will be mailed later this month.**

WESTERN CANADIAN DAIRY SEMINAR – RED DEER, ALBERTA

The 24th annual Western Canadian Dairy Seminar is being held March 7 – 10, 2006 at the Capri Hotel, Convention and Trade Centre in Red Deer, Alberta.

The theme for this year's conference is ***Strategies and Tools – Managing Tomorrow's Dairy Farm.***

Further details and on-line registration will be available on the website: http://www.wcds.afns.ualberta.ca/ . For anyone wishing further information, the conference coordinator is Joanne Morrison, and her contact information is: Phone: (780) 492-3236 Fax: (780) 492-5771 email: wcds@ualberta.ca .

Please consider attending this very informative dairy seminar.

QUOTA MANAGEMENT TABLES

Please find enclosed your quota management results for January, 2006. These Tables indicate the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments.

The Board will continue to provide these Tables on a monthly basis. We hope this information will assist producers with their management decisions regarding the utilization of their butterfat quota.

If you have any questions concerning the information provided, please contact our office.

ACCOUNTING VALUES FOR CLASSES OF MILK – February 2006

TABLE VI

	Butterfat ($/kg)	**(per hl. Skim milk**	
Class 1a	$5.3000	$51.59 (per hl. Skim milk)	
Class 1b	$5.3000	$51.59 (per hl. Skim milk)	
Class 1c	$5.3000	$44.50 (per hl. Skim milk)	
	Butterfat ($/kg)	**Protein ($/kg)**	**Other Solids ($/kg)**
Class 2	$7.2333	$5.3140	$5.3140
Class 3a	$7.2333	$12.4158	$0.8291
Class 3b	$7.2333	$12.1853	$0.8145
Class 4a, 4b, 4d & 4d(i)	$7.2333	$4.9346	$4.9346
Class 4a(i)	$7.2333	$1.5000	$1.5000
Class 4c	$7.2333	$4.2497	$4.2497
Class 4m	$0.00	$0.00	$0.00
Class 5a	$3.8485	$5.7678	$0.4495
Class 5b	$3.8485	$2.1536	$2.1536
Class 5c	$3.3740	$2.0000	$2.0000
Class 5d	**As determined by**	**the CDC**	

JOINT MILK CONTROL BOARD/DAIRY FARMERS OF SASKATCHEWAN PRODUCER MEETINGS – APRIL 2006

The Board and DFS are pleased to announce that they will once again hold the next session of producer meetings as a joint effort. The schedule of meetings and proposed agenda are included at the back of this newsletter. Please plan to attend.

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

Would like to swap Used Quota for Unused Quota – Swap In

- Simmie Colony – approximately 1,500 kgs. – contact Jerry (306) 297-2254
- Carl Ens – (306) 239-4255 Cell Phone: (306) 221-2445

- Broyhill Holsteins – contact Joy Lindenbach (306) 771-2721
- Ian Phillips – (306) 933-4567
- Approximately 2,000 kgs - Ken Klassen (306) 229-4591 or Ed Klassen (306) 227-9432
- Marksview Farms – approximately 5,000 kgs – contact Dick Friesen (306) 933-4610
- Swift Current Colony – contact Josh (306) 778-2327
- Webb Colony – approximately 1,100 kgs. – contact Mike Hofer (306) 674-2236
- Leask Colony – approximately 2,500 kgs. – contact Darius Wallman Cell Phone (306) 466-7713 or (306) 466-2303 extension 116.
- Alvin Schultz – approximately 2,000 kgs. – phone (306) 254-4301
- Jake or Les Sawatsky - approximately 9,000 kgs. - phone (306) 225-5883.
- Glenn Hamm - phone (306) 594-2855.
- Tim at Sovereign Colony - 3000 kgs - phone (306) 882-2447
- Danny Hofer at Box Elder Colony – phone (403) 502-9997.
- Philip at Rosetown Colony - phone (306) 882-3112, Extension 709
- Jim Ross - phone (306) 697-2232
- Jim Gorrill – phone (306) 725-4828
- Paul – phone (306) 677-2232 Extension 6315
- Florian Hagman – phone (306) 749-2879
- Roger Genoway – phone – (306) 593-2289
- Leask Colony – phone Darius Wollman – phone (306) 466-2303 Extension 116 or Cell phone (306) 466-7713 (approximately 3,000 kgs)
- Robert Coghill – phone (306) 699-7237

For Sale

- 12 bred grade Holstein heifers for sale, some due to calve shortly. Contact Dave Friesen @ (306) 225-4601.
- Cows and quota for sale. Contact Wes @ Rosthern Agencies (306) 232-5525 cell (306) 232-7725
- Holstein cows and quota. Call Perry or Preston Haanen @ (306) 329-4604 or 329-4981
- Quota and cows for sale (approx. 14,000 kgs). Call Jerome Fisher @ (306) 365-4674
- Quota for Sale. Call Glen or Joy Hamm @ (306) 594-2855
- Fresh Purebred supervised DHI cows and heifers
  - contact Mark Johnson (306) 725-4042
- Dairy Hay and 6 Holstein heifers to calve in October or November
  - contact Martin Sondergaard (306) 547-2205
- 17 two year old A.I. sired Holstein Heifers to start calving October 1
  - contact Del Mealing (306) 693-2543 cell (306) 681-8207
- 1995 Muller Bulk Tank 2000 gallon
  - contact Kevin Lischka at (306) 487-2663 or (306) 487-3227
- 20 head of young Holstein cows and bred heifers and 4 breeding age bulls
  - contact Les Fornwald at (306) 487-2784
- A Westfalian Systemat Tank 1000 gallon
  - contact Earl or Scott at Eaglewood Holsteins at (306) 329-4394

MILK CONTROL BOARD MEMBERS

Leonard Blocka, Chairman	Dairy producer
Dr. David Christensen	Dairy research/professor U of S
Joseph Guenther	Dairy producer
David Finlay	Dairy producer
Garf Stevenson	Consumer representative
Joanne Mortenson	Processor representative

For further information, please contact the Saskatchewan Milk Control Board office.

1210-2500 Victoria Avenue Telephone (306) 787-5319
Regina, Saskatchewan S4P 3X2 Fax: (306) 787-1988

Website: www.saskmilkcontrolboard.ca email: milk.control.board@sasktel.net

NOTICE OF MEETINGS
SPONSORED BY
THE SASKATCHEWAN MILK CONTROL BOARD
AND DAIRY FARMERS OF SASKATCHEWAN
APRIL 6 – 12, 2006

JOINT MEETING AGENDA

1. Registration – 9:45 a.m. (Saskatoon meeting 9:15 a.m.)
2. Update: Markets and Production – Milk Control Board
3. Review of Milk Control Board Policy – 2005-2006 Dairy Year
4. Dairy Farmers of Saskatchewan Update – E. Marquette and W. Kelly
5. Dairy Farmers of Saskatchewan Director Candidates
6. Question Period
7. Other Business
8. Adjourn

Lunch will be served at 12 noon at all meetings.

SCHEDULE OF MEETINGS – APRIL 2006

DATE	TIME	DISTRICT	LOCATION
Thursday, April 6	10:00 a.m.	Swift Current	F.O.A. Eagles 1910 S. Service Rd. W Swift Current
Friday, April 7	10:00 a.m.	Francis	Francis Hall, Francis
Monday, April 10	10:00 a.m.	Yorkton	St. Mary's Parish Ukrainian Catholic Cultural Center 240 Wellington St. Yorkton
Tuesday, April 11	**9:30 a.m.**	Saskatoon	Travelodge Hotel Delta Concorde Room 106 Circle Drive Saskatoon
Wednesday, April 12	10:00 a.m.	Melfort	Travelodge Hotel 101 Spruce Haven Road Melfort

SASKATCHEWAN DAIRY PRODUCER GROUPINGS ACCORDING TO PRODUCTION VS. QUOTA ALLOCATION

ACTUAL DECEMBER, 2005 PRODUCTION PROJECTED TO JANUARY 31, 2006

PRODUCERSUNDER 97%		KILOGRAMS
25 – 50%	1	8,659
51 – 80%	4	6,058
81 – 90%	12	36,586
91 – 97%	40	39,349
	57	90,652*

*Kilograms that could have been swapped out to reach 97% based on projections.

PRODUCERS BETWEEN 97 AND 100%

66

PRODUCERS OVER 100%

100 – 105%	81	71,836
106 – 109%	31	66,311
110% +	22	49,865
	134	188,012**

**Kilograms available to swap in to achieve 100% to bring production into line and recoup 4m (over quota) dollars.